

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

IN RE: KRISJENN RANCH, LLC, <i>et al</i> DEBTOR	§ § § § § §	CHAPTER 11 CASE NO. 20-50805-rbk (Jointly Administered)
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**DEBTORS' JOINT EXPEDITED MOTION TO EXTEND
DEBTORS' EXCLUSIVITY PERIOD BY 90 DAYS**

**DEBTORS HAVE REQUESTED EXPEDITED CONSIDERATION OF THIS MOTION
AND HAS REQUESTED THAT A HEARING BE HELD ON THIS MOTION AT THE
COURT'S EARLIEST CONVENIENCE. IF THE COURT IN FACT SETS THIS
MOTION FOR AN EXPEDITED HEARING, THEN ONLY ATTENDANCE AT THE
HEARING IS NECESSARY TO PRESERVE YOUR RIGHTS**

TO THE HONORABLE UNITED STATES BANKRUPTCY JUDGE:

KrisJenn Ranch, LLC, KrisJenn Ranch, LLC Series Pipeline ROW, and KrisJenn Ranch, LLC Series Uvalde Ranch's (the "Debtors"), Debtor and Debtors-in-Possession, hereby file this *Joint Motion to Extend Debtors' Exclusivity Period by 90 Days* (the "Motion") and in support, respectfully represent as follows:

PROCEDURAL BACKGROUND

1. On April 27, 2020, (the "Petition Date"), the Debtors filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §§ 101-1330 (as amended, the "Code"). The Debtors continue to manage their financial affairs as a debtors-in-possession pursuant to §§ 1107 and 1108 of the Bankruptcy Code. No creditors' committee has yet been

appointed in this case by the United States Trustee. No trustee or examiner has been requested or appointed.

JURISDICTION AND VENUE

2. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(1), (b)(2)(A) and (M). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408(1) because the Debtors' places of business have been located in this district for more than 180 days preceding the filing of this bankruptcy case.

BACKGROUND AND REQUEST FOR RELIEF

3. Debtors, KrisJenn Ranch, LLC and Series Uvale Ranch purchased the KrisJenn Ranch (the "Ranch") in 2013 for \$3,952,000 and then invested an additional \$840,000 in the Ranch. The Ranch derives its income from the sale of cattle and a white-tail deer hunting lease operation.

4. The Ranch is encumbered by a \$5.9 million loan from Mcleod Oil ("Mcleod") related to an investment in a pipeline and its right of way. The origins of this loan are complicated. In 2017, Debtor and Larry Wright loaned \$4.1 million and \$1.2 million, respectively, to Black Duck, LLC ("Black Duck"). Debtor, Krisjenn Ranch, LLC owned a 50% interest in Black Duck, and Daniel Moore owned the other 50% interest in Black Duck. The purpose of the loans was to fund Black Duck's purchase of a discontinued oil pipeline (the "Pipeline") and right of way for \$5 million plus closing costs of the purchase. The full \$4.1 million that Debtor loaned to Black Duck was obtained through a loan between Debtor and Asilo Investments, Ltd. ("Asilo"). The Pipeline and right of way were purchased pursuant to a purchase money contract that was assigned to Black Duck from Longbranch Energy, L.P. ("Longbranch"). Under the assignment, Longbranch retained

a 20% net profit share interest. The terms of that agreement are currently in dispute. Daniel Moore sold his 50% interest in Black Duck back to the company in exchange for a 20% net profit share interest to his Company DMA Properties, Inc. The terms of the agreement with Moore/DMA Properties, Inc. are also currently in dispute.

5. In 2018, Black Duck sold the Pipeline and right of way to TCRG East Texas Pipeline 1, LLC (“TCRG”) for \$2.5 million, and—as part of the deal—Black Duck retained 16% of the gross profit from the Pipeline and right of way. The aggregate, projected profit to Black Duck and other interested parties was \$48,000 per day. Black Duck was unable to pay its debts to Debtor, and Debtor foreclosed on the note securing its loan to Black Duck. Shortly thereafter, in late 2018, Black Duck ceased being a going concern and was eventually wound down. The \$2.5 million received from TCRG was allocated to Debtor to pay the debts encumbering the Pipeline and right of way—\$1.2 million was used to repay Larry Wright, and \$1.3 million was used to pay down the Asilo loan principal and accrued interest.

6. The loan from Mcleod was originally obtained to refinance the remaining \$3.4 million loan from Asilo. Shortly after the TCRG purchase, Longbranch and Moore threatened TCRG with litigation for having purchased the Pipeline and right of way. As a result, Debtor KrisJenn Ranch, LLC agreed to repurchase the Pipeline and right of way from TCRG in 2019. Debtor repurchased the Pipeline and right of way under the Series Pipeline ROW by obtaining an additional \$2.5 million in financing from Mcleod, increasing the total amount loaned from Mcleod to \$5.9 million. All three Debtors are borrowers under the Mcleod debt.

7. Approximately \$6.05 million is outstanding on the Mcleod debt. The Mcleod debt is also secured by the Pipeline and the right of way. Debtors defaulted on payments due to Mcleod in February 2020.

8. The issues regarding the pipeline are being litigation in Adversary Number 20-05027, which is set for trial on December 7, 2020. Debtors need to resolve the litigation to determine the terms for their plan of reorganization.

9. Pursuant to Section 1121, Debtors' exclusivity period is set to terminate by operation of law on August 25, 2020. After notice and hearing, this Court has the inherent authority to extend the 120-day period. *See* 11 U.S.C. 1121(d).

10. Once the litigation is resolved, a confirmable plan will be promptly filed; however, at this juncture, a plan proposed would likely be significantly different from the final plan resulting in unnecessary expense. Debtors are only requesting a 90 extension at this time believe the litigation may be resolved in the next 90 days through negotiation. Therefore, Debtors request the court extend exclusivity for filing their plans until November 25, 2020, and to solicit and confirm their plan until January 25, 2021.

CERTIFICATE OF CONFERENCE

The undersigned certifies that he conferenced with the United States Trustee and counsel for Mcleod Oil, Longbranch, and DMA. DMA is unopposed and the other counsels have not yet responded.

PRAYER

WHEREFORE, PREMESIS CONSIDERED, the Debtors pray that the Court set this motion for hearing and, upon said hearing, grant Debtor a 90 day extension to their exclusivity period to file and confirm their plans and for such other and further relief that the Court deems justified.

Dated: August 6, 2020

Submitted By:
MULLER SMEBERG, PLLC

By: /s/ Ronald J. Smeberg
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ATTORNEY FOR DEBTOR

CERTIFICATE OF SERVICE

I hereby certify that on August 6, 2020, true and correct copies of the foregoing motion will be forwarded electronically via the Court's ECF System, or by U.S. first class mail, postage prepaid, on, all parties listed on the attached Service List.

/s/ Ronald J. Smeberg

RONALD J. SMEBERG

SERVICE LIST

DEBTOR

KrissJenn Ranch, LLC
410 Spyglass Rd
Mc Queeney, TX 78123-3418

Internal Revenue Services
Special Procedures Branch
300 E. 8th St. STOP 5026 AUS
Austin, TX 78701

101 West Main Street
Nacogdoches, Texas 75961

Rusk County
202 N Main St,
Henderson, Texas 75652

GOVERNMENT ENTITIES

Office of the UST
615 E Houston, Room 533
PO Box 1539
San Antonio, TX 78295-1539

Texas Comptroller of Public
Account
Attn: Bankruptcy
P.O. Box 149359
Austin, TX 78714-9359

Shelby County, Tax Collector
200 St. Augustine St.
Center, Texas 75935

U.S. Attorney
Attn: Bkey Division
601 NW Loop 410, Suite 600
San Antonio, Texas 78216

Angelina County Tax Assessor
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Lufkin, Texas 75901
Nacogdoches County Tax
Assessor Collector

Tenaha ISD Tax Assessor-
Collector
138 College St
Tenaha, TX 75974-5612

Uvalde Tax Assessor
Courthouse Plaza, Box 8

Uvalde, Texas 78801

SECURED CREIDITORS

Uvalde, TX 78801-5317

NOTICE PARTIES

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DMA Properties, Inc. and
Frank Daniel Moore
c/o NATALIE F. WILSON
LANGLEY & BANACK INC.
Trinity Plaza II, Suite 700
745 East Mulberry
San Antonio, Texas 78212-
3166

McLeod Oil, LLC
c/o John W. McLeod, Jr.
700 N Wildwood Dr
Irving, TX 75061-8832

**UNSECURED
CREIDITORS**

Bigfoot Energy Services
312 W Sabine St
Carthage, TX 75633-2519

C&W Fuels, Inc.
Po Box 40
Hondo, TX 78861-0040

Davis, Cedillo & Mendoza
755 E Mulberry Ave Ste 500
San Antonio, TX 78212-3135

Granstaff Gaedke & Edgmon
5535 Fredericksburg Rd Ste
110
San Antonio, TX 78229-3553

Hopper's Soft Water Service
120 W Frio St
Uvalde, TX 78801-3602

Larry Wright
410 Spyglass Rd
Mc Queeney, TX 78123-3418

Medina Electric
2308 18th St.
Po Box 370
Hondo, TX 78861-0370

Medina's Pest Control
1490 S Homestead Rd
Uvalde, TX 78801-7625

Texas Farm Store
236 E Nopal St

Uvalco Supply
2521 E Main St
Uvalde, TX 78801-4940

Longbranch Energy
c/o DUKE BANISTER
RICHMOND
Po Box 175
Fulshear, TX 77441-0175

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